

Message Text

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INFO USCINCEUR

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C O N F I D E N T I A L ATHENS 393

EO 11652: GDS

TAGS: MASS MARR GR

SUBJECT: PROGRESS PAYMENTS ON MILITARY AIRCRAFT PURCHASES

REF: (A) CJUSMAGG 091325Z JAN75; (B) SECDEF MSG 8578

DTG 082102Z JAN 75(NOTAL)

1. IT IS CLEAR TO ME FROM REFTELS AND OTHER INFORMATION PROVIDED BY JUSMAGG THAT SUBSTANTIAL PROGRESS PAYMENTS OWED BY GOG DURING THIRD QUARTER FY 75 ON PURCHASES OF US MILITARY AIRCRAFT (A-7E, T-2C, C-130 H, AND F-4E) AND DELAY IN AVAILABILITY OF FMS CREDIT FUNDS RESULTING FROM LATE CONGRESSIONAL ACTION ON FOREIGN ASSISTANCE ACT ARE CREATING CONSIDERABLE FINANCIAL PROBLEM FOR GOG. ALTHOUGH I UNDERSTAND THAT UNDER DEPENDABLE UNDERTAKING TERMS GOG IS RESPONSIBLE FOR MAKING PAYMENTS IN EVENT ANTICIPATED FMS CREDITS ARE NOT MADE AVAILABLE ON TIMELY BASIS, WE ARE DEALING WITH A SITUATION IN GREECE QUITE DIFFERENT THAT WHICH OBTAINED WHEN LOA'S WERE SIGNED FOR AIRCRAFT PURCHASES.

2. ON SEVERAL OCCASIONS WE HAVE POINTED TO EVOLVING POLITICAL SITUATION IN GREECE AND DISCUSSIONS WE
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EXPECT TO BEGIN SOON ON THE FUTURE SHAPE OF GREEK-US SECURITY RELATIONSHIP AS REASON FOR RECOMMENDING ADOPTION

OF A FORTHCOMING ATTITUDE BY THE USG IN DEALING WITH PROBLEMS WHICH HAVE ARISEN CONCERNING PROVISION OF MILITARY EQUIPMENT. THESE REASONS ARE AT LEAST AS VALID AND THE MATTER MORE IMPORTANT IN THIS INSTANCE THAN IN PREVIOUS SITUATIONS. WHEN DEPARTMENTS HAVE FOUND IT POSSIBLE TO BE RESPONSIVE TO GREEK REQUESTS, I BELIEVE IT HAS BEEN USEFUL OBJECT LESSON TO GOG OF CONTINUING VALUE TO GREECE OF US-GREEK SECURITY RELATIONSHIP. HELPFUL ATTITUDE BY USG IN SITUATION AT HAND WOULD BE VALUABLE REMINDER TO GOG OF IMPORTANCE OF UNINTERRUPTED MILITARY SUPPLY RELATIONSHIP WITH UNITED STATES.

3. ALTHOUGH PREVIOUS REGIME DECLINED OFFER OF \$10 MILLION IN END FY-74 FMS-GUARANTEED CREDIT, WHICH MIGHT HAVE BEEN USED TO MAKE FINAL \$8.8 MILLION PAYMENT ON F-4E PURCHASE, I WOULD HOPE THAT DRAMATIC ALTERATION OF CIRCUMSTANCES IN GREECE SINCE THAT TIME WILL PERSUADE DEPARTMENTS TO PERMIT GOG TO APPLY \$8.8 MILLION TOWARD FINAL PAYMENT FOR F-4E'S OF AT LEAST \$48 MILLION TO BE ALLOCATED TO GREECE IN ADDITIONAL 1975 FMS CREDITS. THIS PAYMENT MAY BE EVEN MORE PRESSING THAN THIRD QUARTER PAYMENTS ON OTHER AIRCRAFT.

4. RECENTLY-ELECTED GOG IS WORKING INTENSELY UNDER TOP-FLIGHT ECONOMIC LEADERSHIP TO RESTORE EQUILIBRIUM TO ECONOMY SUFFERING FROM TWIN BLIGHTS OF SHORTCOMINGS IN PREVIOUS REGIMES POLICIES AND ECONOMIC MALAISE NOW AFFECTING WESTERN WORLD. HELPING GOG TO AVOID DIFFICULTIES DESCRIBED IN MEETING PROGRESS PAYMENTS IS THE KIND OF TANGIBLE ECONOMIC ASSISTANCE NEW GOG NEEDS IN COPING WITH ITS ECONOMIC PROBLEMS. I URGE DEPARTMENT TO DO WHATEVER NECESSARY TO ACCELERATE THE FMS CREDIT FUNDS WELL IN ADVANCE OF FEB 15 DATE ESTABLISHED BY DSAA AND EXTEND JAN 10 DUE DATE UNTIL SUCH TIME AS THE CREDITS BECOME AVAILABLE.
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